

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT** :  
**ELECTRIC COMPANY 2022 ANNUAL** : **DOCKET NO. 5189**  
**ENERGY EFFICIENCY PLAN** :

PUBLIC UTILITIES COMMISSION'S  
FIRST SET OF DATA REQUESTS DIRECTED TO THE OFFICE OF ENERGY  
RESOURCES

(Issued November 24, 2021)  
(Responses due December 2, 2021)

1-1. National Grid has filed a Provisional Electric EEP with ~\$9 million dollars originally targeted at a CHP project now reallocated to other C&I New Construction projects and C&I Programs. Referencing National Grid's Provisional Plan and its response to PUC 2-17 (Please note that the Commission will refer to the Original Plan with the \$9,154,400 CHP component removed as the "**Alternative Base Plan**") and any other information relevant to this docket, please respond to the following: With respect to the \$9M of funding in the Provisional Plan that is incremental to the Alternative Base Plan, *and only those \$9M dollars within the Provisional Plan*, is National Grid's proposed use of these \$9M in the Provisional Plan

- a. Cost effective
- b. Less than the cost of supply
- c. Prudent
- d. Reliable
- e. Environmentally responsible

For each individual response to parts a-e, please explain why or why not.

Response:

- a. Cost effective – Yes, the incremental \$9M allocation is cost-effective. As indicated in the Company's response to PUC 1-20, the \$9M allocation of funds in the Provisional Plan has a RI Test Benefit-Cost ratio of 4.33 when macroeconomic benefits are included. OER maintains that this is the most appropriate lens through which these investments should be viewed. None the less, even without the inclusion of any macroeconomic benefits, the cost/benefit ratio is 0.99. While parties may differ on the valuation and/or weighting of economic benefits, it is certain that the macroeconomic benefits will be greater than zero. Therefore, considering both the benefit-cost ratio and macroeconomic impacts – either quantitatively or qualitatively – results in a finding that benefits of the incremental \$9M allocation exceed the costs.
- b. Less than the cost of supply – OER concurs with the response provided by the EERMC to this inquiry in response to PUC 1-1b. OER has not conducted an independent assessment as to whether the \$9 million in the Provisional Plan is less than the cost of supply.

- c. Prudent – Based on the LCP Standards, OER holds that the plan as a whole, inclusive of the \$9M, is prudent because it meets the goals of the least cost procurement statute and advances cost-effective energy efficiency programs and investments that will produce positive net benefits to Rhode Island. The Provisional Plan effectively utilizes available funding sources to support investments that, collectively, will reduce energy consumption and costs over time, as well as greenhouse gas emissions. These investments will also advance investment and workforce opportunities throughout Rhode Island's clean energy sector. The Plan will create opportunities for all customers to access energy efficiency programs and incentives, and benefit from these investments. Importantly, in this particular instance, it also deploys the \$9M in question to well-established programs with a history of performance. Moreover, the Large Commercial New Construction, Large Commercial Retrofit, and Small Business Direct Install programs all demonstrate RI Test benefit/cost ratios that far exceed 1.0 when the \$9M of reallocations are factored in.
- d. Reliable – Based on the LCP Standards, OER holds that the plan as a whole, inclusive of the \$9M, is reliable in that it will help the state and utility customer meet their energy needs with no known negative impacts on the reliable and safe distribution of utility services.
- e. Environmentally responsible – Based on the LCP Standards, OER holds that the plan as a whole, inclusive of the \$9M, is environmentally responsible because it effectively utilizes available funding sources to support investments that, collectively, will reduce greenhouse gas emissions and support Rhode Island's achievement of the 2021 Act on Climate mandates.

3-2. Given your response to PUC 1-1, is National Grid's entire Provisional Electric EEP on a whole, *including the \$9M reallocation*, prudent? Why or why not?

Response:

Please see response to PUC 1-1(c).

3-3. Given your responses to PUC 1-1 and 1-2 and National Grid's response to PUC 2-17 illustrating their calculations of the differences in costs and benefits of the Provisional Plan and Alternative Base Plan, please answer the following:

- a. Comparing the program expenses and benefits from the Provisional Plan and the Alternative Base Plan, please indicate which plan you recommend that the PUC approve for the 2022 Annual Plan. –
- b. Please explain the reasons for your recommendation.

Response:

- a. Of the options listed, OER recommends the Commission approve the Provisional Plan as filed by the Company.

- b. The Provisional Plan meets the requirements of Least Cost Procurement and associated standards. Failure to include the incremental \$9M allocation results in an investment Plan that does not capture all cost-effective energy efficiency that is lower cost than acquisition of additional supply. Including the incremental \$9M not only results in additional cost-effective energy efficiency that is less than the cost of supply, but results in an overall investment Plan that is prudent, reliable, and environmentally responsible.

3-4. Referencing National Grid's response to PUC 2-18, please answer the following:

- a. Is it the view of OER that the implementation of the 2022 Annual Energy Efficiency Plan would be impacted if the design payout rates were the same as in 2021? (Please answer yes or no.)
- b. If the answer to (a) is yes, please explain in detail how the implementation of the 2022 Annual Energy Efficiency Plan would be impacted if the design payout rates were the same as in 2021.
- c. If the answer to (a) is yes, Please provide the design payout rates and total design level potential incentive and maximum potential incentive that you would recommend that the PUC approve for the 2022 Annual Plan. Please explain how you arrived at the recommended design payout rates and total design level potential incentive and maximum potential incentive.

Response:

- a. OER concurs with response, reasoning, and potential future concerns outlined by the EERMC in their response to PUC 3-4a.
- b. Not applicable based on response to part a.
- c. Not applicable based on response to part a.